

Fair Political Practices Commission

Memorandum

To: Chairman Getman, Commissioners Downey, Knox, Scott and Swanson

From: Scott A. Burritt, Executive Fellow
Mark Krausse, Executive Director

Subject: Legislative Proposals for 2002

Date: January 7, 2002

INTRODUCTION

The following are legislative proposals for your consideration. The Legislature will convene on January 7, 2002. The last day to submit bill requests to the Office of Legislative Counsel is January 25, 2002. The last day for bills to be introduced is February 22, 2002.

In 1999, the Commission adopted policy and planning objectives that set a high standard for legislative sponsorship. Noting that there had at that time been over 200 amendments to the Political Reform Act, the policy stated in part that “we will limit our legislative proposals to only those that greatly further our goal of simplification, correct potential Constitutional errors, or otherwise meet a heightened threshold of need.” The proposals below meet that standard.

PROPOSALS

1. Mandatory Audits

Statement of the Problem: The mandatory audit provisions of the Political Reform Act (the Act), contained in Government Code sections 90000-90007, require the Franchise Tax Board (FTB) and the Commission to audit reports and statements filed under “Chapters 4 and 6 of the title” (sections 90000(a) and 90003). Chapters 4 and 6 contain, respectively, the campaign and lobbying disclosure provisions of the Act. Two new chapters, requiring substantial additional reporting, have been added to the Act that are not included in these audit requirements.

Proposition 34 was passed by voters in November 2000, and became effective January 1, 2001. The initiative and, subsequently, SB 34 (Chapter 241, Statutes of 2001) added many new provisions to the Act, primarily in Chapter 5. Included in these provisions are new electronic reporting requirements not found anywhere else in the Act. Specifically: (1) section 85309, subdivisions (a) and (b) require online/electronic disclosure of contributions of \$1,000 or more received by candidates and ballot measure committees during the 90 day period preceding an election; (2) section 85310 requires a person making a payment of \$50,000 or more for a communication that does not contain express advocacy, but which identifies a candidate, to make online/electronic disclosure of the payment; (3) section 85500 requires online/electronic disclosure of independent expenditures of \$1,000 or more in connection with a candidate for elective state office made during the 90-day period preceding an election; and (4) section 85309, subdivisions (c) and (d), as recently added by Senate Bill 34, require online/electronic disclosure of contributions of \$5,000 or more received by candidates and ballot measure committees at any time other than the 90-day period preceding an election.

In addition, the electronic reporting provisions of Chapter 4.6 were added by legislation in 1997 (Chapter 866, Statutes of 1997), and are not currently included in the audit provisions discussed above. Since this legislation set forth a process under which electronic reports may replace the hardcopy reports required by Chapter 4, it is important that the audit provisions also include Chapter 4.6.

Proposed Solution: Amend mandatory audit provisions in sections 90000, subdivision (a), and 90003 to add Chapters 4.6 (electronic reporting) and 5 (contribution and voluntary expenditure limits) to the list of chapters currently subject to FTB and Commission audits.

STATEMENTS OF ECONOMIC INTEREST

2. Statements of Economic Interest

Statement of the Problem: In accordance with Government Code Section 82030 loans from commercial lending institutions with balances exceeding \$10,000 are reportable on Form 700, except where they are secured by the principal residence of the filer. This includes student loans, rental property mortgages, automobile loans and leases, lines of credit and credit card and retail installment debt. Loans from commercial lending institutions are not disqualifying factors under Section 87103(c) and should therefore not be reportable on Form 700.

Proposed Solution: Eliminate reporting of loans from government entities (i.e. student loans, FHA mortgages, etc), commercial lending institutions in the normal course of business, and credit cards.

CAMPAIGN REPORTING

3. Campaign Reporting

Statement of the Problem: Government Code Section 84605 requires that state candidates and committees file campaign statements electronically with the Secretary of State (SOS) beginning on July 1, 2000. Government Code Section 84215 requires that: state candidates and committees file original campaign statements with the Secretary of State; statewide candidates file copies with the Registrar-Recorder of Los Angeles County and with the Registrar of Voters in San Francisco; state candidates file copies with the clerk of the county containing the largest number of registered voters in the districts affected. This requirement is burdensome and expensive to candidates and committees. In light of online filing requirements, this proposal is the first step in possibly eliminating duplicate reporting requirements.

Proposed Solution: Eliminate the requirement to file copies of campaign statements with local filing officers for state candidates and committees that file electronically with the SOS.